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Anna G. Eshoo
14th District, California
Congress of the United States
House of Representatives
Washington, DC 20515-0514

February 12, 2002

President George W. Bush
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear President Bush,

Your FY 2003 budget proposes a change to the Community Development Block Grant (CDBG) Program that reduces by 50% the allocation to entitlement communities with per capita incomes of two or more times the national average. This change would effect nine communities in the United States, including, Palo Alto, California. The per capita information used to target these communities is based on 1990 census data. I'm concerned that this decision was made in haste, especially given that this data will change in June 2002 when the 2000 income census data is released.

Communities including Palo Alto use CDBG funding to develop, acquire, rehabilitate and preserve affordable housing. Low-income seniors, persons with disabilities, the homeless and families in our communities are as deserving of supportive programs and subsidized housing as their counterparts in other communities across the nation. Funding for affordable housing should not be limited to lower-income areas. Placing or maintaining low-income seniors and families in an environment in which they can thrive should be the goal of programs like CDBG.

The funding formula created in your budget is arbitrary and does not reflect the housing realities of Palo Alto or Silicon Valley. In fact only 16% of residents can afford to buy a home in Silicon Valley compared with 60% who qualify elsewhere in the U.S. Additionally, 20,000 people in California's Bay Area experienced homelessness in 1998 (6,000 of whom were children). Nearly 70% of Silicon Valley households paid more than 30% of their income for housing. Families who were fortunate enough to find rental homes experienced a 23% rent increase in the last two years. The same salaried employee renting a home in Silicon Valley would spend 30% of their income on a rental unit while the same unit in Austin, Texas would require only 15% of their income. Unfortunately, the formula used to determine CDBG funding for entitlement communities does not account for many of the important factors I have just outlined.

I urge you to review your formula and ask that you develop an improved formula that includes some of the factors that make the Silicon Valley housing market unique. At the very least, I urge you to delay making any decisions regarding this critical funding until the most recent census data is available.

Thank you for your consideration of my request.

Sincerely,



Anna G. Eshoo
Member of Congress